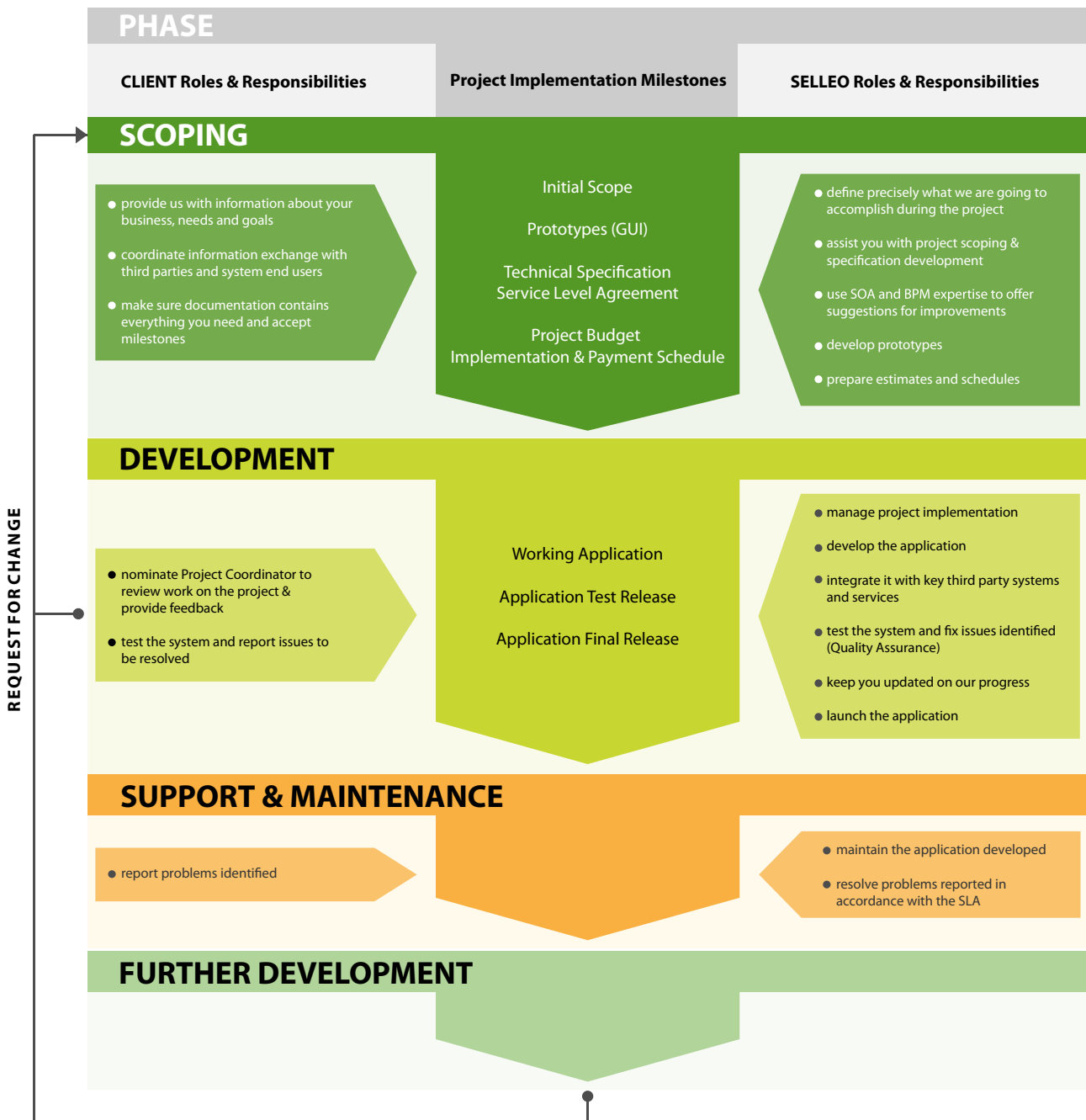




## Process Overview - Budget Mode

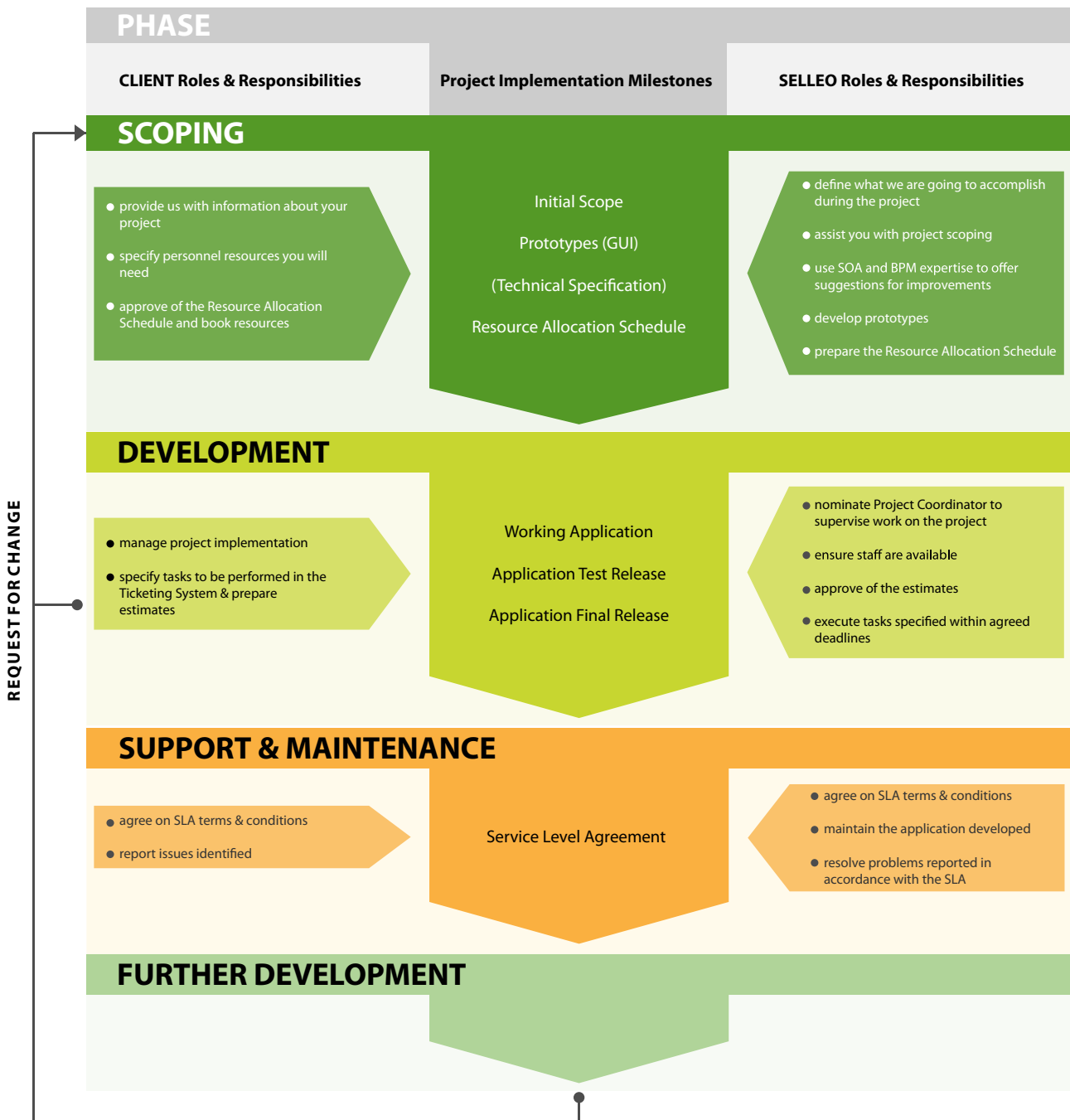


### Case 1 - Budget Mode

- A client contacted us with a fairly specific idea of a complex e-commerce platform. In the first stage, we provided **consulting** services and helped the client translate his Functional Requirements into a proper Technical Specification, suggesting modifications and improvements. The client paid in arrears, at the end of the month, for hours worked less 15 hours of Free Consulting each new client is granted (Hourly Rate).
- Having established the client's needs concerning the application support and maintenance (SLA terms and conditions), we drafted an Implementation Schedule as well as offered a fixed price based on our unit estimations - Project Budget. It took us four months to **develop** and launch the application. The client paid for the development in monthly installments upon completion of scheduled milestones.
- Since the client used Budget Mode, we supported the application for a month free of charge (**Free Support Guarantee**). When the Guarantee Period came to an end, the client started to pay for **support and maintenance** in accordance with the agreed SLA. Payments have been made in advance, at the beginning of the month.
- The client currently plans to add some minor features and functionalities soon using Resource Allocation Mode. (see Case 2)



## Process Overview - Resource Allocation Mode



## Case 2 - Resource Allocation Mode

- We started to collaborate with a company which intended to optimize its business processes with a set of custom web applications. The client was pressed for time and decided to start development without a detailed Technical Specification. The work to be done was divided into smaller projects, which were managed by the client's IT employees. All in all, we provided **consulting** services to clarify the Functional Requirements (Initial Scope).
- We also offered our personnel resources - system architect, programmers, graphic designer, testers - to **develop** the applications and **integrate** them with the company's legacy systems. We basically charged the client on an hourly basis for work contributed. Payments were made in arrears, at the end of the month. To ensure our staff were available when needed, the client occasionally chose to book them in advance. When this option was used the client paid the price based on mutually agreed unit estimates in the ticketing system.
- After the project was launched we agreed on an SLA to provide **support and maintenance** for it.
- The client now intends to develop detailed Technical Specifications and upgrade some of the newly-developed applications using Budget Mode. (see Case 1)



## Co-Operation Guidelines

### Consulting Services

1. Selleo provides consulting services concerning technical and/or business aspects of the project or venture developed. We use **Service-oriented Architecture (SOA) and Business Process Management (BPM)** methods and tools to facilitate collaboration between business people and information technologists and thus foster effective, agile, and transparent operational business processes. We have adopted the process-centric approach to develop applications which are first and foremost meant to improve business performance.

2. In particular, Selleo may assist the client in **developing the Project Technical Specification**. **Each new client is provided with 15 working hours of Consulting free of charge**, delivered either at Selleo's premises or during a teleconference via the Internet. The free Consulting is geared predominantly towards developing the Project Functional Requirements Specification (Initial Scope).

3. On the whole, the more precise the Specification, the lower the cost of the project and the shorter the implementation time. If we believe the price can be lowered through more precise specification, we let the client know about the fact by quoting a price range rather than a fixed price. The upper end of the range is adopted for our Cost Estimate.

4. **We provide our regular clients with 10 free consulting hours** monthly to discuss new features on their project(s) under construction in general terms, e.g. feasibility, expected costs, etc. The time spent on developing Technical Specification for a new feature is charged as Consulting. Thus, some clients who provide us with an implementable technical specification do not incur any consulting costs. Others choose to pay Selleo for helping them develop the specification needed.

### Application Development

There are two **modes of application development**:

#### I. Budget mode

1. If the client provides a detailed enough **Technical Specification**, Selleo estimates the **Project Budget (Cost Estimate)** through a result-oriented breakdown of the work required. If the client agrees with the **Project Budget** as well as the **Implementation and Payment Schedule**, we draft an agreement and development can begin.

2. **Selleo manages the project**, but works in close collaboration with the **client's Project Coordinator**. We contact the Project Coordinator on a regular basis to review progress on the project, clarify any ambiguities in the specification, offer suggestions for improvements and - most importantly - **gain feedback on the work done**.

Each project is divided into **milestones with specified implementation deadlines**. Each milestone is scheduled to be implemented in no more than a month.

3. **Modifications and additions outside the initial scope of the project require changes in the Budget, Implementation Schedule and Service Level Agreement** to be agreed on by both the client and Selleo. They are grouped into milestones and billed separately.

4. The project may be limited to the **core of the system (Version 1.0)**, i.e. its critical functionalities. All the remaining features of the system may be implemented under **Further Development** (see below).

5. Under this scenario, Selleo quotes a **fixed price per output** and undertakes the risk of any extra work necessary.

## Free Support Guarantee

1. **Within an agreed Guarantee Period Selleo undertakes to remove bugs and critical errors, i.e. provide Support services free of charge.**

The **length of the Guarantee Period** is specified for each individual project and may differ for the type of malfunction, e.g. bugs versus critical errors (bugs impeding critical functionalities specified by the client). It commences with the completion of the project, i.e. the launch of the application, as specified in the Implementation Schedule.

2. Selleo and the client agree on the client's requirements such as specification of critical errors, reporting procedures, response time, etc. **prior** to signing an agreement for each project implemented. The **Guarantee terms and conditions** are an integral part of the agreement for the Project development.

## II. Resource Allocation Mode

1. If the project specifications the client supplies are indeterminate or the client believes their detailed planning would be uneconomical in terms of time and cost, Selleo is ready to place the required resources at the client's disposal. Both Selleo and the client must agree on the type and number of resources needed as well as the **Schedule for Resource Allocation**.

2. In this case, **the client undertakes the management of the project while Selleo nominates a Project Coordinator** on its side. The project is managed through a **Ticketing System**, which contains (1) the enumeration of tasks to be performed (by Selleo), (2) the associated **unit estimates** (for billing) and (3) deadlines.

The client updates the Ticketing System (tasks) on an on-going basis and both Selleo and the client must agree on the estimates and deadlines taking into account the Schedule for Resource Allocation.

It should be noted that it is technically impossible for Selleo to develop the project if tasks are not properly ticketed, i.e. specified by the client's Project Manager.

3. The prices charged are based on Selleo's **standard unit rates**, and are calculated on the basis of agreed **ticket estimates**. Alternatively, the client may choose to **pay for hours actually worked**.

4. To ensure our resources are available as needed and reduce the prices charged the client may use the **Advanced Booking Option** (see below). Selleo charges lower rates for resources booked in advance as it helps us to plan better and ensure higher client satisfaction.

## Integration

1. We also **integrate** the applications developed with legacy systems used in the client's company as well as key third party systems and services. The services are provided in either mode specified above.

## Support & Maintenance Services

1. When the project has been completed, we undertake to **maintain** the application as well as provide **technical support for it, i.e. remove bugs and critical errors** (bugs impeding critical functionalities specified by the client) and correct any deficiencies that may impede its proper functioning at an agreed response time.

2. After deployment, a client can contact (1) the **Developer** who knows the system well and is primarily responsible for Support Services provision, (2) the **Project Manager** who customarily not only works on a client's particular project but is - more broadly - responsible for maintaining relationships with the client, (3) the **Managing Director**. Whom the client should contact depends on the type of issue which needs to be resolved.

3. Support services are provided under a separate Support & Maintenance Agreement (**Service Level Agreement**) with terms and conditions agreed on by both Selleo and the client for each individual project. The parties in particular specify critical errors, reporting procedures and response time required.

## Further Development Services

1. When the project has been completed, we undertake to **further develop the application, i.e. introduce modifications, and develop new features and system components**.

2. Development services may be provided in either mode specified under Projects above.

## On-site Services Delivery

1. Selleo can also assign its employees to **work at the client's site** to provide our services.

2. Such services are provided under a separate agreement with terms and conditions mutually agreed upon by Selleo and the client for each individual project. The price of the services depends on, among other thing, who bears the related travel and accommodation expenses.

## Resource Availability

### Advanced Booking Option for Resource Allocation Mode

1. The client may book resources in advance to ensure they are available when needed. **Resources are booked at least two weeks in advance.** Otherwise, resources will be available on a first come, first served basis.
2. The resources booked are put **at the client's exclusive disposal and do not work on any other projects** at the time – the client is able to draw on them freely until the hours booked have been used up.
3. When the client books resources for more than a month into the future they and Selleo agree on the **Schedule for Resource Allocation.**  
The hours booked for a given month will be used up within the month. Selleo will agree to change the agreed Resource Allocation Schedule only if it does not disrupt work performed for other clients.
4. The Client pays for all the hours booked for a given month in arrears, at the end of the month. The Client is charged the standard hourly rate for each hour actually used as well as **60% of the pre-discounted standard hourly rate for each hour booked and not used.**

## Payment terms

### Consulting

1. The prices charged are based on a **standard hourly rate** for the hours actually worked by Selleo's employees or booked by the client (see Advanced Booking Option above). The standard hourly rate equals the **standard unit rate** referred to under Resource Allocation Mode above and varies in the same way.
2. Payments are made in arrears, at the end of the month, for work done or booked, if the client chooses to use the **Advanced Booking Option.**

In the latter case, the client is charged the standard hourly rate for each hour actually used as well as **60%** of the pre-discounted standard hourly rate for each hour booked but not used.

3. Standard hourly rates vary depending on (1) whether resources are **booked** in advance or not (see above Advanced Booking Option). Within the Advanced Booking Option the standard hourly rate depends on (2) the number of hours booked - **the more hours booked the lower the rate charged.**

### Development - Budget Mode

1. On the basis of the Project Technical Specification as well as the scope of support provided in the Guarantee Period, Selleo estimates the **Project Budget (Unit Estimate and Cost Estimate)** and quotes a **fixed price per output.**

**Notes on Unit & Cost Estimate for Budget & Resource Allocation Mode (Ticketing System)**

The **estimate** will be expressed in terms of **units**. A unit is equivalent to **one hour of development** and accounts for the work of the project manager, system architect, coder, layout and graphics designer as well as tester.

**2. Selleo offers discounts in Cost Estimates depending on the size of the project.**

3. Payments are made in accordance with the **Payment Schedule**, in arrears - upon completion of specified milestones - roughly in monthly installments.

4. **A new client may be requested to make an advance payment** before the implementation starts. It amounts to **50%** of the first installment. In such a case, the first installment is reduced by the amount when it is due.

**Development - Resource Allocation Mode**

1. Prices charged are based on Selleo's **standard unit rates**, and are calculated on the basis of agreed **ticket estimates**. Alternatively, the client may choose to **pay for hours actually worked**.

2. Payments are made in arrears, at the end of the month, for work done or booked, if the client chooses to use the **Advanced Booking Option**.

In the latter case, the client is charged the standard hourly rate for each hour actually used as well as **60%** of the pre-discounted standard hourly rate for each hour booked but not used.

3. Standard rates vary depending on (1) whether resources are booked in advance or not (see above Advanced Booking Option). Within the Advanced Booking Option the standard rate depends on (2) the number of hours booked - **the more hours booked the lower the rate charged**.

**Support & Maintenance**

1. The price is calculated on the basis of jointly agreed upon **Service Level Agreement** for each project individually and depends, in particular, on such factors as number and type of critical errors specified, reporting procedures, response time and other requirements.

2. The payment is made in advance, at the beginning of the month or quarter.

**On-site Services Delivery**

1. **Selleo charges the client regular rates for the services provided as well as for travel expenses**, i.e. travel, food & accommodation. If the client covers any of the latter the amount due is accordingly reduced.

Unless otherwise agreed, payment is made in arrears, at the end of the month in which the services are provided.

**There are special discounts available for new clients.**

## Technologies We Use and Their Benefits

Selleo uses primarily:

**Service-oriented Architecture (SOA)** - a method for systems development and integration where functionality is grouped around business processes and packaged as interoperable services.

**Ruby** - a dynamic, general purpose object-oriented programming language <sup>1</sup>.

**Ruby on Rails** - an open source web application framework for the Ruby programming language, which is often used along with the Agile development methodology <sup>2</sup>.

**Agile Development** - a software development methodology which promotes development iterations, open collaboration, and process adaptability throughout the life-cycle of the project. It is often utilized by web developers for its suitability for short, client-driven projects <sup>3</sup>.

## Speed, Flexibility & Control

These technologies, as compared to more traditional alternatives, enable us to implement web-enabled projects **much faster**, and thus undertake the implementation of projects to **tighter deadlines**.

They also offer incomparable **flexibility**. It is possible to develop a limited **core 1.0 version** of the project and carry on with the implementation, gradually adding new features and functionalities. We can provide a client with their version 1.0 of a medium-sized application in weeks rather than months.

Thanks to prototypes developed along the way, a client **can monitor the progress** of the implementation rather than hope they will have a working solution when we finish.

The iterative process of Agile Development ensures that clients provide us with **feedback on an on-going basis** as we progress with implementation, which allows us to introduce any modifications before the final deadline. Accordingly, the end result is much more likely to **meet the client's expectations**.

Finally, the above mentioned approach allows the client to **control costs** much more effectively and safely stay within the budget.

1 see more in Wikipedia at [http://en.wikipedia.org/wiki/Ruby\\_programming\\_language](http://en.wikipedia.org/wiki/Ruby_programming_language) and <http://www.ruby-lang.org/en/>

2 see more in Wikipedia at [http://en.wikipedia.org/wiki/Ruby\\_on\\_Rails](http://en.wikipedia.org/wiki/Ruby_on_Rails) and <http://www.rubyonrails.com/>

3 see more in Wikipedia at [http://en.wikipedia.org/wiki/Agile\\_development](http://en.wikipedia.org/wiki/Agile_development) and [http://en.wikipedia.org/wiki/Agile\\_web\\_development](http://en.wikipedia.org/wiki/Agile_web_development)